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FISCAL IMPACT STATEMENT

LS 7501

BILL NUMBER: HB 1598

NOTE PREPARED: Jan 22, 2005

BILL AMENDED:

SUBJECT: Freight Transportation Districts.

FIRST AUTHOR: Rep. Heim

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes counties to establish freight transportation districts. It authorizes a district to operate a freight transportation system.

The bill authorizes the Department of Transportation (INDOT) to enter lease rental agreements with the Transportation Finance Authority (TFA) for projects within the districts. It authorizes INDOT to pay the lease rentals from Sales Tax revenues deposited in the Industrial Rail Service Fund. The bill also redistributes 0.033% of the Sales Tax collections from the state General Fund to the IRSF.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* This bill increases the proportion of Gross Sales and Use Tax (Sales Tax) revenue distributed to the Industrial Rail Service Fund (IRSF) from 0.033% to 0.066% beginning in FY 2006. The bill lowers the amount going to the state General Fund by the same amount. Consequently, this proposal will redistribute about \$1.7 M in FY 2006 and \$1.8 M in FY 2007 from the state General Fund to the IRSF, based on the December 14, 2004, Revenue Technical Committee's forecast of Sales Tax revenue.

Details Regarding Freight Transportation Districts: The bill authorizes counties to establish and join freight transportation districts. A freight transportation district is supervised and managed by a board of trustees which may receive and expend funds from federal, state, county, and municipal funds and private contributions and disburse them for the purpose of aiding or acquiring freight transportation systems serving the district.

A freight transportation district may request the state Attorney General to perform any legal services required in providing transportation service within the district. The district may also request the State Board of Accounts to perform any auditing services required under the bill. The Attorney General and the State Board of Accounts are to comply with the request to the extent feasible.

The Capital Improvement Contingency Fund is established by the bill for the purpose of: (1) receiving grants, appropriations, and other revenues; (2) matching state or federal transportation grants; (3) acquiring capital improvements or assets; and (4) receiving, holding, and disbursing funds as a fiduciary. Money in the fund at the end of a fiscal year does not revert to the state General Fund.

The bill provides that at least 50% of the Sales Tax receipts deposited in the IRSF during a fiscal year must be used for railroad projects in a freight transportation district. Allowable railroad projects as defined by the bill include any facilities, adjuncts, and appurtenances necessary to operate a railroad, such as lines, routes, roads, rights-of-way, easements, licenses, permits, tangible personal property, and real property.

New uses for the Industrial Rail Service Fund permitted by the bill include:

- (1) paying lease rentals for leases entered into for a project in a freight transportation district; and
- (2) to make grants to a freight transportation district.

The bill also authorizes the Department of Transportation to enter into lease rental agreements with the Transportation Finance Authority for construction, reconstruction, improvement, maintenance, repair, or operation of projects and transportation systems within the districts.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation; Transportation Finance Authority; Attorney General; State Board of Accounts.

Local Agencies Affected: Municipalities; Freight transportation districts authorized by this proposal.

Information Sources: *Handbook of Taxes, Revenues, and Appropriations, FY 2004*, Legislative Services Agency; State Revenue Forecast (December 14, 2004).

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